


BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 1999-485-C - ORDER NO. 2000-0463

JUNE 5, 2000

IN RE: Application of NetLojix Telecom,)	ORDER
Incorporated For A Certificate of Public)	GRANTING
Convenience and Necessity to Operate As A)	CERTIFICATE FOR
Reseller of Intrastate Interexchange)	LONG DISTANCE
Telecommunications Services Within the)	AUTHORITY
State of South Carolina)	



This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of NetLojix Telecom, Incorporated ("NetLojix" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide intrastate resold interexchange telecommunications services between and among locations within the State of South Carolina as a non facilities-based interexchange telecommunications service provider. The Company's Application was filed pursuant to S.C. Code Ann. § 58-9-280 (Supp. 1999) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed NetLojix to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of NetLojix's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were filed.

A hearing was convened on May 18, 2000, at 10:30 a.m. in the Commission's Hearing Room at 101 Executive Center Drive, Columbia, South Carolina. The Honorable Philip Bradley, Chairman, presided. David Summer, Esquire, represented NetLojix. Jocelyn D. Green, Staff Counsel, represented the Commission Staff.

Michael J. Ussery, Chief Financial Officer and Chief Accounting Officer of NetLojix, appeared and offered testimony in support of the Company's Application. As Chief Financial Officer and Chief Accounting Officer, Mr. Ussery is responsible for cash management, internal and external financial reporting (including SEC compliance) and regulatory matters. During the course of the hearing, Mr. Ussery testified as to NetLojix's technical, managerial, and financial ability to provide telecommunications services in South Carolina. NetLojix is organized under the laws of the State of Delaware as the Company was formed to provide telecommunications services. NetLojix is a wholly-owned subsidiary of NetLojix Communications. The Company was granted a Certificate of Authority to operate as a foreign corporation in the State of South Carolina by the Secretary of State on November 3, 1999.

Upon receiving certification to provide telecommunications services in South Carolina, NetLojix Telecom plans to provide high quality intrastate interexchange service to customers through the resale of such services provided by certificated carriers. More specifically, the Company plans to provide resold intrastate interexchange telecommunications services, including direct dialed 1+ service, inbound/outbound message telecommunications service, switched and dedicated services, toll-free service, and post-paid calling service to and from all points within the State of South Carolina to business customers. Because the Company intends to provide such interexchange services through the resale of services provided by other carriers'

facilities, NetLojix has no plan for constructing or installing facilities in South Carolina at this time.

NetLojix has been authorized to provide its telecommunications services in several states as of the date of the hearing. Some of the states where the Company has received authority to provide telecommunications services include Alabama, Minnesota, New York, and West Virginia. Sharon Meinhart is the regulatory contact person for the Company. In addition, NetLojix operates an in-house customer service department. The customer service department is open from 8:00 a.m. until 6:00 p.m. (Central Time); the department is performed by a provisioning group and approximately seven people are employed in the Company's Fort Worth office. When customers call the customer service department after hours a representative of the Company is paged and the call is returned within an hour. As of the date of the hearing, NetLojix contracted its billing services out to a third party and NetLojix's name and customer service number appeared on customers' bills; however, according to Mr. Ussery, the Company should be providing in-house billing services within the next ninety to one-hundred twenty days. NetLojix will market its services via salespeople in person. The Company does not plan to use any type of telemarketers or telemarketing in South Carolina.

Regarding the Company's managerial ability to offer its services in South Carolina, Mr. Ussery testified NetLojix's officers are well qualified to execute its business plan, having extensive managerial, financial, and technical telecommunications experience. The management team of NetLojix consists of Anthony E. Papa (Chairman of the Board and Chief Executive Officer), James P. Pisani (President) and Mr. Ussery. Mr. Papa and Mr. Pisani had telecommunications experience prior to joining NetLojix. Prior to October 1996, Mr. Papa had served as President of ICS Communications, Inc. ("ICS"), Richardson, Texas, a national

provider of cable television, wireless paging, local and long distance telephone services from December 1992. Mr. Pisani, prior to October 1996, served as Vice President of Sales and National Accounts for ICS.

Finally, the testimony indicates NetLojix has the financial resources to provide its telecommunications services in South Carolina. The testimony reveals NetLojix will rely on the financial support of its parent company NetLojix Communications. The testimony reveals further the Company has adequate access to the capital necessary to provide telecommunications services in South Carolina. According to the financial statements submitted by the Company, as of December 31, 1999, NetLojix Communications' total current assets were \$5,304,410.00 and its total current liabilities were \$4,657,228.00.

NetLojix has never had authority denied in any state where the Company has applied for authority; nor has the Company ever had authority revoked in any state where it has been granted authority. Further, NetLojix has never been the subject of an investigation by any regulatory authority for service or billing irregularities. Mr. Ussery testified the Company will amend NetLojix's tariff if necessary to comply with the Commission's rules and regulations. Further, Mr. Ussery indicated he is aware that contracts entered into by the Company and future customers must be approved by the Commission. Finally, upon receiving certification from the South Carolina Public Service Commission, Mr. Ussery testified NetLojix will abide by all the rules and regulations of the Commission.

After full consideration of the applicable law, the Company's application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. NetLojix is organized as a corporation under the laws of the State of Delaware and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. NetLojix operates as a non facilities-based reseller of interexchange services and wishes to provide its services in South Carolina.

3. NetLojix has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to NetLojix to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for NetLojix for its resale of interexchange services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. NetLojix shall not adjust its interexchange rates below the approved maximum level without notice to the Commission and to the public. NetLojix shall file its proposed rate

changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provision of S.C. Code Ann. §58-9-540 (Supp. 1999).

4. If it has not already done so by the date of issuance of this Order, NetLojix shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. NetLojix is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. NetLojix shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If NetLojix changes underlying carriers, it shall notify the Commission in writing.

8. NetLojix shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for

these reports is indicated on Attachment A. Be advised that the Commission's annual report for telecommunication companies requires the filing of intrastate revenues and intrastate expenses.

9. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. NetLojix shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

10. With regard to the origination and termination of toll calls within the same LATA, NetLojix shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dial parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

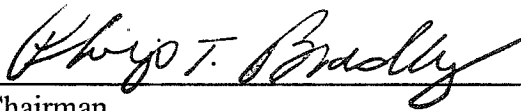
11. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

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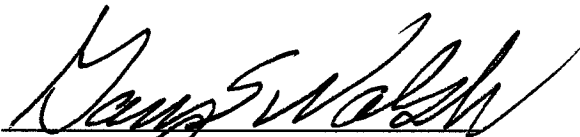
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12. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS

FOR INTEREXCHANGE COMPANIES AND AOS'

COMPANY NAME

FEIN

ADDRESS

PHONE NUMBER

CITY, STATE, ZIP CODE

FAX NUMBER

1. **SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31, 2000 OR FISCAL YEAR. \$** _____
2. **SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31, 2000 OR FISCAL YEAR. \$** _____
3. **RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS FOR THE 12 MONTHS
ENDING DECEMBER 31, 2000 OR FISCAL YEAR:**

Gross Plant in located or allocated to South Carolina operations \$ _____

CWIP located in or allocated to South Carolina operations \$ _____

Land located in or allocated to South Carolina operations \$ _____

Accumulated Depreciation of South Carolina Plant (\$ _____ **)**

Net Rate Base located in or allocated to South Carolina operations \$ _____

4. **PARENT'S CAPITAL STRUCTURE FOR THE 12 MONTHS ENDING
DECEMBER 31, 2000 OR FISCAL YEAR:**

LONG TERM DEBT \$ _____

EQUITY \$ _____

5. **PARENT'S AVERAGE RATE OF INTEREST ON LONG TERM DEBT** _____ **%.**

6. **CONTACT PERSON FOR ALL FINANCIAL INQUIRES AND REPORTING:**

NAME _____

ADDRESS IF DIFFERENT FROM COMPANY _____

TELEPHONE NUMBER _____

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS

FOR INTEREXCHANGE COMPANIES AND AOS'

7. **ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE)(USE BACK IF NEEDED).**

NAME OF OFFICER SIGNING FORM (PRINT OR TYPE) _____

SIGNATURE _____

TITLE _____

AUTHORIZED UTILITY REPRESENTATIVE INFORMATION

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION REGULATION

103-612.2.4(b) - Each utility shall file and maintain with the Commission the name, title, address, and telephone number of the persons who should be contacted in connection with General Management Duties, Customer Relations (Complaints), Engineering Operations, Test and Repairs, and Emergencies during non-office hours.

Company Name (Including dba Name(s) or Acronyms used or to be used in South Carolina)

Business Address

City, State, Zip Code

A.

General Manager Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

B.

Customer Relations (Complaints) Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

C.

Engineering Operations Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

D.

Test and Repair Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

E.

Contact for Emergencies During Non-Office Hours (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

F.

Financial Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

G.

Customer Contact Telephone Number for Company (Toll Free)

This form was completed by

Signature

**If you have any questions, contact the Consumer Services Department (803-896-5230)
or Utilities Department at (803-896-5105).**